GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5358
ANSWERED ON:29.04.2005
ASSET RECONSTRUCTION COMPANIES
Singh Shri Sugrib

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has examined the modalities of the Asset Reconstruction Companies;

(b) if so, whether legal aspect involved in setting up of such companies has also been examined;

(c) if so, the details thereof and the outcome thereof; and

(d) the time by which the Government proposes to set up such companies ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a), (b), (c) & (d):- Government had enacted The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) in December 2002, which came into effect from June 21, 2002. In terms of the SARFAESI Act, a Securitisation Company/ Reconstruction Company can be set up. In order to commence or carry on the business of securitisation/asset reconstruction, a company has to obtain a certificate of registration from RBI. The Bank has so far granted Certificate of Registration to three companies.